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ECONOMY | U.S. ECONOMY

Fed Chairman to Answer Questions on Economy and Rate Increases

Powell to appear at Economic Club of Washington, D.C., in second interview within a week



Fed Chairman Jerome Powell last week said officials were closely monitoring market developments. PHOTO: JIM WATSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

By Nick Timiraos

Jan. 10, 2019 5:30 a.m. ET

Federal Reserve Chairman Jerome Powell will take questions Thursday during a lunchtime appearance at the Economic Club of Washington, D.C., the second such public interview of the central bank leader in the past week.

Mr. Powell, during a question-and-answer session last Friday, signaled the Fed could be more flexible in how it sets interest rates due to muted inflation in recent months. Investors cheered when Mr. Powell said officials were watching anxious financial markets and would adjust their plans if recent volatility caused the economy to slow more than they anticipated this year.

Thursday's program is set to start around 12:40 p.m. EST. The group's president, David Rubenstein, will interview Mr. Powell. Mr. Rubenstein is a co-founder of the Carlyle

Group , the private-equity firm where Mr. Powell worked from 1997 through 2005.

Fed officials have laid the groundwork to take a break from raising short-term interest rates in the coming months, particularly if the economy appears to be taking a greater hit from weakness abroad and market movements.

After their worst two-day start to a year since 2000, stock prices bounced back strongly on Friday after Mr. Powell's comments and a report showing employers added a robust 312,000 jobs in December. Shares rallied earlier this week amid optimism about the latest round of U.S.-China trade negotiations.

Fed officials last month raised their benchmark rate by a quarter percentage point to a range between 2.25% and 2.50% and penciled in two increases this year, assuming the economy would grow about 1.9%, the annual rate they see as likely over the long run.

Mr. Powell last week said officials were closely monitoring market developments and were prepared to adjust policy quickly if needed to support the economy. He pointed to the central bank's actions in 2016, when worries over China's economy fueled fears of a recession. The Fed dialed back its plans to raise rates several times that year, moving just once, in December.

Bond yields slid three weeks ago after investors believed Mr. Powell wasn't sufficiently attentive to recent market developments during a press conference explaining the Fed's latest rate increase.

Mr. Powell has also used recent public appearances to assure audiences the Fed won't be swayed by President Trump's sustained criticism of its rate increases.

Mr. Trump lobbied the central bank not to raise rates last month and fumed to advisers about potentially replacing Mr. Powell after the 10-member rate-setting committee voted unanimously to raise rates.

Mr. Powell said Friday he wouldn't resign his post if Mr. Trump asked him to do so, which is notable because it isn't clear whether the law would allow the president to fire the Fed chairman.

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